BOOK-KEEPING WITHOUT A MASTER

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FOR HOME STUDY

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A CLEAR AND CONCISE EXPLANATION OF ALL THE PRINCIPLES INVOLVED IN THE SCIENCE OF KEEPING CORRECT ACCOUNTS. ::: WITH SPECIMENS OF BOOKS USED IN BOTH SINGLE AND DOUBLE ENTRY
(THE SAME TRANSACTIONS KEPT BY BOTH SYSTEMS)

IN THIS VOLUME the principles of the ART OF BOOK-KEEPING are clearly defined in plain language, so that the student acquires with ease the exact knowledge necessary to the correct recording of accounts.

For the use of
Students, Clerks, Tradesmen and Merchants
by

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Preface.

These pages are written by a salaried book-keeper of many years' experience. He has vivid recollections of the difficulties he met with when he first entered on his duties in an office and realized the almost worthlessness of the theories and technicalities of what he had been taught as book-keeping, so different from actual every-day work. It is to save the student from this brain-wearying jargon and to point out, in a plain way in the language of the office, the principles of the art, that this work has been compiled: he has no patent plan. Each book-keeper must find out for himself the readiest and most convenient method of keeping his particular set of books. The object of the author is to exhibit clearly the never-changing, everlasting, eternal principles of the art of book-keeping. The public will decide whether or not he has succeeded. That he may facilitate the acquisition of this important branch of useful knowledge is the wish of

THE AUTHOR.

Introductory.

Book-keeping, the art of keeping accounts, is no doubt coeval with the first trading between peoples. To record every transaction correctly so as to be indisputable and easily understood should be the object and aim of the book-keeper. Whatever plan tends the best to effect this is certainly the most desirable.

There are two recognized methods of book-keeping. The one is called Single Entry, the other Double Entry. The former is simply a plain record of the more important facts of the business. The latter, said to have been invented in the middle ages by the merchants of Venice and Genoa, as its name implies, calls for two entries to be made of every transaction, the one balancing the other. By this system, every debit being checked by the corresponding credit, a certainty of correctness can be obtained which is not possible by making merely the one entry. Nevertheless it is for the merchant to decide by which plan he will keep his accounts.

I would advise the student to read this work from beginning to end, in the first instance, and glance over the specimens of the different books. Then take three books. Rule them for Day Book, Cash Book and Ledger, and begin with the Single Entry Day Book. Copy out each day's work and post the items as they occur daily to their respective accounts in the Cash Book and in the Ledger. This exercise should, with the instructions and explanations accompanying each book, give the student a clear understanding of

Single Entry book-keeping by the time he gets his balance made out. Having mastered that, he will do the same, using four books, with the Double Entry portion. He can trace the postings of all the books by the figures in parentheses or at the left-hand side of the money columns. If he does this carefully and intelligently he should have a thorough comprehension of the art of book-keeping, and it is the same all over the world.

Book-Keeping.

Single Entry Book-keeping is the simplest form of recording the actual transactions of buying and selling, paying and being paid, that can properly be called Book-keeping. In it personal accounts only are ledgerized, and it is not possible to show, from the Ledger, the state of the business at all times as it is from a correctly kept Double Entry Ledger.

The balance of a firm whose books are kept by Single Entry is almost entirely a matter of memoranda. It cannot have the exactness and certainty of the Double Entry system. However, many firms trading mostly for cash or for short credits, and dealing in many articles, may find Single Entry sufficient for the purposes of their business.

Single Entry.

The books indispensable for this system are three:

THE DAY BOOK,

THE CASH BOOK,

THE LEDGER.

Other books, as may be required in each particular business, are, of course, often used. but the three mentioned are what may be termed the working books; all others are auxiliaries.

The Day Book.

This, sometimes called the Waste Book or the Store Book, or by some other name, is most important. It is the foundation of all book-keeping. It is a record of the daily occurrences of the business. Every transaction should be entered therein: buying, selling, offering goods, making appointments, receiving money, paying money, etc. Any memorandum that may be of any importance can be made in the Day Book. Any one who can write at all can make entries in this book in a plain, simple way. It is the business of the book-keeper to sort out and enter the various items in their proper places in the Cash Book and Ledger. This operation is called Posting—Posting the Day Book. Generally two books are kept, so that one may be used on each alternate day, in the store and in the office. It is the custom to number them No. 1 and No. 2, so that while one is in use in the store the other is in the hands of the book-keeper. On the opposite page is a copy of two leaves of a Day Book as it would probably be kept by a firm using Single Entry. In the second part of this work precisely the same accounts will be kept by Double Entry. The readers may thus compare, and by comparing thoroughly grasp each system of book-keeping, noticing the points of similarity and difference, and thus be able to judge intelligently of the merits

1898 Day Book

Month	Day	Particulars	$	c
May	2	J Smith		
		Flour Paid	5	30
		to be sent in morning		
"	"	J Escot		
		Butter 50 flour 125 Cheese 80 Paid		
"	"	J Williams (1)		
		Tea 50 Sugar 625 Coffee 20 Cocoa 50	7	45
"	3	Wm Smart Oats Pd	7	90
		to go by Carrier		
"	"	J Smith paid Oats	3	15
		Barley	2	20
"	"	R Lewis flour	10	60
		(2) Butter	2	20
		Cheese	3	"
			15	80
"	4	J Escot paid Goods	1	55
"	"	B Moore Paid		
		Sundries as per order	13	90
"	5	J Williams ham	2	
		(1) Bacon	3	10
		Butter Cheese Eggs	5	
			10	10
	"	R Lewis (2)		
		Sugar Tea Coffee	10	30
	6	J. Postlethwaite		
		Wants goods sent by rail		
"	"	R Lewis (2)		
		Cocoa 50 Spices 205 Bacon 455	7	10

1898 Day Book

Month	Day	Particulars	$	c
May	7	J Williams		
		Tea 2 00		
		Coffee 1 80		
		Cocoa 60		
		(1) Sugar 6 25		
		Flour 5 70		
		(1) Bacon 1 80	18	15
		By Cash	35	70
"	9	Mr Brown		
		Tea 20 Sugar 25 Coffee 15 paid		
"	"	Wm Roberts 3 sacks of Oats pd		
"	"	Alfred Harris		
		Sugar 6 25		
		(2) Flour 10 50		
		Butter 50		
		Cheese 60	17	85
"	10	Henry White paid		
"	"	Alfred Harris (2)		
		Tea 60 Coffee 85 Oats 125	2	20
"	"	Send B Moore by Carrier		
"	"	R Lewis Oats 4 60		
		(2) Barley 2 05		
		Butter 2 15		
		Flour 5 30	14	10
		(2) pays Cash	47	30
"	11	J. Smith		
		flour & Oats paid		
"	12	R Lewis (2)		
"		Coffee 2 00		
		Tea 1 90	3	90

of each. There is little doubt but he will appreciate the superiority in accuracy and fullness of Double over Single Entry.

The figures within brackets indicate the page or folio to which the account has been posted in the Cash Book or Ledger.

Many book-keepers make a check thus √ over the entry as a mark that it has been noticed and dealt with as required.

A Few Abbreviations.

@ At (such a time, price or place).

a/c Account.

c. f. i. Cost freight and insurance.

ck. Check (on bank).

c. o. d. Cash on delivery.

c/o In care of (as a letter or parcel).

f. o. b. Free on board.

f. o. r. Free on rail.

% Per cent.

Dis. Discount.

Do. Ditto (the same).

Int. Interest.

Mo. Month.

The Cash Book

The Cash Book is a record used especially and only for cash actually received or paid away. Cash received is entered on the left-hand or debit side (marked Dr.), debiting or charging the Cash book-keeper with the amount. Cash paid away is entered on the right-hand or credit side (marked Cr.), crediting the Cash book-keeper with the amount he pays away.

Dr		Cash					Cash	Cr	
1898 May	2	To Amount in hand	1215	75	1898 May	2	By Bank (depos)	1200	
"	3	Bank to pay bills	42	50	"	3	Rent of Store	15	
"	4	Cash from Store	18	25	"	"	Repairs do	27	50
"	5	do	24	70	"	4	Coal	4	25
"	7	do	62	90	"	6	Printing Stamps etc	8	50
"	9	do	32	10	"	7	Bank	42	
"	10	do	30	75	"	"	Twine		75
"	12	do	99	50	"	10	Bank	63	
					"	12	do	90	
					"	12	Wages Jim 3.00		
							Brig 7.00		
							Self 12.00	22	
					"	31	Balance	53	45
			1526	45				1526	45
1898									
May	31	To Balance	53	45					

The student will please observe that

The Cash Book is folioed.

The Day Book is paged.

The balance is the amount of cash in hand with which the Cash book keeper begins the next period of trading.

The Ledger.

The Ledger may be called the heart of book-keeping, for in it should be recorded the daily state of each separate account.

The debits or charges (marked Dr.) are always placed on the left-hand side. First the date, then the name of the article sold, or, if of payment received, the word Cash, then the number of the page of the book of original entry from which the item is posted, and then the amount.

The credits or receipts (marked Cr.) are entered on the right-hand side of the account in the same manner.

In balancing, the difference in the sums of the additions of the two columns shows the state of the account, debit (Dr.) or credit (Cr.), whether the individual or firm whose name is over the account be indebted to the merchant or firm, or otherwise.

The Ledger is never, in either system, a book of original entry. Every item in it should be taken, in Single Entry, from the Day Book or Cash Book in which the original entry is made, and the number of the page or folio from which it is taken correctly marked in the proper column.

Brown & Co.

				$	¢					$	¢
1898											
May	3	To Check		319	15	May	2	By Invoice Goods		319	15

Jones & Smith

				$	¢					$	¢
						1898					
						May	2	By Invoice Goods		272	20

P. Robinson

				$	¢					$	¢
1898						1898					
May	5	To Bank Check		187	50	May	4	By Goods		187	50

J. Williams

				$	¢					$	¢
1898						1898					
May	2	To Groceries	1	7	45	May	7	By Cash	2	35	70
"	5	do	1	10	10						
"	7	do	2	18	15						
				35	70					35	70

R. Lewis

1898 May	3	To Merchandise	1	15	80	1898 May	11	By Cash		47	30
"	5	Mdse	"	10	30	"	31	Balance		3	90
"	6	do	"	7	10						
"	11	do	2	14	10						
"	12	do	"	3	90						
				51	20					51	20
1898											
May	31	To Balance		3	90						

Alfred Harris

1898 May	9	To Goods	2	17	85	1898 May	31	By Balance		20	05
"	10	do	"	2	20						
				20	05					20	05
1898											
May	31	To Balance		20	05						

The Bank Account.

We suppose the account with the Bank in this system is kept on the stub of the Check Book, and compared with the Pass Book, from time to time. The amount (second Dr. item) entered in the Cash Book as having been received from the Bank is so entered, because the book-keeper has recorded the payments made out of this amount withdrawn from the Bank on the Cr. side, and without making this entry on the Dr. side the Cash would not balance. It would be $42.50 over.

Balance.

To make a balance and show the state of the business when the books are kept by Single Entry, the book-keeper will copy into a book or on a sheet of paper, all the debit (Dr.) balances out of the Ledger and add them up. To this amount he will add the value of the stock in trade unsold on the day he is making his balance. The value is the amount for which the various goods could be bought from the farmer, manufacturer or wholesale merchant, as the case may be, on that day. Then he will add up the Cash Book, and after counting and seeing his cash is right, place the amount, calling it cash in

hand, under the item Stock in Trade. Then, to know the true position or worth of the firm, he will add the value of the real estate, fixtures and utensils in trade, making a fair allowance for depreciation (or wear and tear), say 10 per cent. per annum on fixtures, animals and vehicles used in the business, and 2 to 5 per cent. per annum on buildings. He will then glean from the credit (Cr.) balances found in the Ledger the amount he owes. After adding these together and finding out all other liabilities he will deduct the total sum from the gross amount of the assets, and the remainder will be the actual worth of the firm. A comparison with the previous balance will show whether the trading during the period has been profitable or otherwise.

Example of a balance from these books of Single Entry:

Dr. balance from Ledger R. Lewis - - -	$	3 90
" " Alf. Harris - - -		20 05
		23 95
Cash on hand - - - - - -		53 45
Due from Bank - - - - - -		845 85
Goods in stock as per Inventory - - -		641 15
		1564 40
Less Cr. amount due Jones & Smith, and for which I gave a note for 30 days - - -		272 20
		1292 20
Amount of assets last month - -		1215 75
Net profit for month - - - - -		76 45

Remarks.

This constitutes book-keeping by Single Entry. As has been already explained, there may be many other books used to help to make out the accounts, such as weight book, order book, delivery book, receipt book, etc. These are, as the intelligent reader will easily discern, simply to assist in the business and save a multiplicity of entries in the Day Book.

It is impossible to give in any book correct descriptions of the actual working of all offices in their various arrangements. This the young book-keeper will be able to take in almost at a glance. For instance, in some offices they keep a sort of scrap book in which are pasted all invoices. Others have them on a file and write "Invoices" on the cover. Again others will have a special drawer in desk or cabinet for them. The same with receipts and also letters and other documents connected with the business. The best plan and the tidiest is to have separate drawers for each class. Valuable deeds should always be kept, for safety, in the strong-box of a bank or company that undertakes the safe keeping of cash and valuables.

Double Entry.

In Double Entry book-keeping the books already named as being used in Single Entry,—Day Book, Cash Book and Ledger—are required, and also another called the Journal. This is a most important book. Into it every item should be entered in a proper manner, and from it posted into the Ledger. When any one can keep the Journal correctly, he may be considered a book-keeper.

The Cash Book and the Day Book should be journalized every day, and the Journal posted up—items entered in the proper place under their respective headings in the Ledger. The debit (Dr.), left-hand side, and credit (Cr.), right-hand side of the Journal, are always equal to each other. It is from the system of entering each item (purchase or sale) under two distinct and separate headings that the name of Double Entry is given and its advantages secured, viz.: that you can see at a glance not only the state of the account of each individual, but also the condition of the trading in each article for which you choose to keep a Ledger account.

Day Book

May 2 1898		
Bought from Brown & Co		
(1) Merchandise	319	15
pd Check		
Also from Jones & Smith	272	20
(1) Gave note @ 30 days		
Sold to J. Williams		
(1) Groceries	7	45
3		
Gave Bosyell ck rent	15	
and Aspinall repairs	27	50
Sold R Lewis Mdse	15	80
Mr. Simpkins wires offer of Goods		
4		
(1) Bought for Cash		
from P Robinson	187	50
(2)		
Cash sales today	18	25
5		
(2) Sold to J Williams	10	10
(2) do R Lewis	10	30
(2) Cash Sales	24	70
6		
R Lewis		
(2) To Goods	7	10
See letter book for goods		
offered by Sample this day		
J. Posterthwaite wants his		
Goods sent by rail today		

Day Book

May 7 1898		
J Williams		
(2) To Groceries	18	15
(2) By Cash	35	70
(2) pd for twine		75
(2) Cash Sales	27	20
9		
Alfred Harris		
Sugar 6 25		
Flour 10 50		
Butter 50		
Cheese 60	17	85
W Roberts 3 sacks of oats paid		
(2) Cash received	32	10
10		
Henry White		
To Goods pd		
A. Harris		
(3) Tea 60		
Coffee 35		
Oats 1 25	2	20
Send Moore's Goods by Carrier		
Cash Sales (3)	30	75
11		
R Lewis (3)		
To Mdse	14	10
By Cash (3)	47	30
J Smith flour & oats paid		
12		
R Lewis		
(3) Coffee 2 00		
Tea 1 90	3	90
Cash Sales (3)		
Yesterday & today	52	20

The Day Book.

The same remarks which we made about the Day Book when speaking of Single Entry apply to it now. It is the first book of original entry and that which gives authority to the book-keeper to write up the Journal, and the Journal is the authority for the Ledger. In Double Entry particular care should be taken to enter all purchases as well as sales in a Day Book. It need not necessarily be the book ordinarily used in the store or warehouse, but the entry should be made in a book of original entry. Then, when the invoices are received from the various firms from whom purchases have been made, the book-keeper can compare them with the entry in the book kept for that purpose, whether it be the ordinary Day Book or perhaps called Purchase Book, as it frequently is.

The figures within parentheses ( ) in the Day Book are the numbers of the pages in the Journal in which the accounts are entered. The check √ is used to show that the item has been noticed and dealt with by the book-keeper or examined by the checking clerk.

The Cash Book.

The Cash Book is also used as a book of original entry. It is the record which the cashier has kept of all cash transactions, and should at all times show the merchant the amount of cash on hand.

The cash received is entered on the debit (Dr.) left hand side, thus charging Cash, that is the cashier or Cash book-keeper, with the amount he receives. When cash is paid the amount is entered opposite the name of the payee on the credit (Cr.), right-hand side, thus giving Cash—the cashier or Cash book-keeper—credit for the amount he pays away out of what he receives.

The small figures to the left of the money columns indicate that those items are entered on those pages in the Journal.

To balance the cash, or close the Cash Book, for the current period, and begin a new series of entries for another week, month, quarter or year, as the case may be, the debit side (left hand) is first added. It must necessarily be greater than the credit side (right hand) of the Cash Book. Then add up the Credit side (right hand) and deduct the amount from the sum of the debit, and the difference will show what cash is on hand. If it is

Dr. Cash

1898				$	¢
May	2	To Stock	1	1215	75
"	"	Bank	1	319	15
"	3	do	1	15	
"	"	do	1	27	50
"	4	do	2	187	50
"	"	Merchandise	2	18	25
"	5	do	2	24	70
"	7	J Williams	2	35	70
"	"	Mdse	2	27	20
"	9	do	2	32	10
"	10	do	3	30	75
"	11	R Lewis	3	47	30
"	12	Mdse	3	52	20
				2033	10
1898					
May	31	To Balance		53	45

Cash Cr.

1898				$	¢
May	2	By Bank	1	1200	
"	"	Brown & Co	1	319	15
"	3	Rent of Store	1	15	
"	"	Aspinall	1	27	50
"	4	P. Robinson	1	187	50
"	"	Coal	2	4	25
"	5	Printing	2	3	
"	"	Stationery	2	5	
"	6	Stamps	2		50
"	7	Bank	2	42	
"	"	Twine	2		75
"	10	Bank	3	63	
"	12	do	3	90	
"	"	Wages Jno 3.00, Briggs 7.00, Self 12.00	3	22	
"	31	Balance		53	45
				2033	10

time that the balance be struck, enter the amount on the credit side "By Balance" and carry it down to the debit side "To Balance" on the lower part of that folio, if there be room, or to another folio, in order to show with what amount of cash the cashier begins the next series of recordings. Then rule off the completed portion, showing that it is closed. (See fac-simile Cash Book for way to rule off.) It is always safer to bring the balance down and enter it in its proper place before ruling off, and then there is no possibility of its being forgotten. Where from inadvertence the balance has not been brought down or over as may be required, the trouble caused to the book-keeper is very annoying.

Very often the Cash Book is kept in folios. That is the full opening of the book, with the debits on the left-hand page and the credits on the right-hand page. Folio means the full opening, consisting of the two pages. Several columns for cash may be ruled on either or both sides of the Cash Book if it be found desirable to keep some cash items in a separate class. In this case the sums of all the columns on the respective sides will have to be added together, and then the addition of the credits deducted from the addition of the debits to show the amount of cash in hand and to make the balance.

The observant student will notice that the ruling of the date columns on the credit side of the Cash Book is wrong, or rather irregular, for no ruling can be wrong which assists or permits the carrying out of THE principle of book-keeping, which is: Always credit what you pay away with what you receive, whether it be merchandise, cash, a debt, (the name of the debtor), or a promissory note. Or, in another form, charge or debit what you receive with what you pay away, whether it be cash, merchandise, your own implied promise to the individual or firm from whom you receive cash or goods, or your promissory note. The operation of book-keeping is always the same and never can vary in principle.

The Journal.

The clearest and most distinctive style of Journal is that where the debits (Dr.)—charges—are placed on the left-hand side of the name column and the Credits (Cr.)—receipts—on the right-hand side, as in the other books. Some place the columns together on the right-hand side of the name column, with the date on the left-hand side. This arrangement may save a little paper, but is not so quickly evident as the first plan mentioned above, and paper is so cheap that it should never be allowed to stand in the way of perspicuity and accuracy in book-keeping. It is not worth while to spoil the dinner for the sake of the salt.

In commencing business, the first item in the Journal will be the amount of capital brought into the firm. According to the plan we have chosen, $1215.75 is the sum constituting the Stock. Therefore we will enter it as

Cash Dr. To Stock,

or

Stock Cr. By Cash,

because Stock—or The Business, or The Firm, or The Proprietor, or Mr. So and So, which are all terms signifying the same thing—pays in the money, and, of course, gets credit for it. It is paid to Cash—that is, the Cashier or Cash book-keeper, and we charge him or debit (Dr.) him in the proper way.

As is already mentioned, the statement may be entered in the Journal as the book-keeper thinks best.

Cash Dr.

To Stock.

or

Stock Cr.

By Cash.

But we prefer the first method and always adopt it in our every-day work. It is best to keep to the one manner of entering in the Journal, as being consistent and the most likely to prevent error.

Then we wish to put the bulk of the money in the Bank and enter the deposit on the credit side of the Cash Book, and from there to the Journal.

It will read:

Bank Dr.

To Cash.

We pay $15.00 rent with a bank check, and we intend to open an account in the Ledger for Trade Expenses; so we journalize from the Cash Book:

Expenses Dr.

To Bank.

Crediting the bank for the money it has paid away for us out of that which we deposited.

Same with the next item.

The next entry we find in the Day Book is that a purchase has been made of goods or merchandise from Brown & Co. So we journalize that, seeing that we intend to have an account in the Ledger for Merchandise, as:

Merchandise Dr.

To Brown & Co.

giving Brown & Co. credit for their goods, and we will debit them with cash when we pay them.

The reader will see from the facsimile specimens of the Journal how the different accounts are posted through the whole trading.

The numbers of the page of the Ledger to which each item is taken are entered in the proper place—between the name and the money columns.

A little exercise of ingenuity will show the student from whence each account is taken, and from the instructions we have given we feel that he cannot fail to comprehend the *reason why* of every entry.

Always keep every day's transactions together in the Journal. In fact, the Journal should be kept strictly chronological. Never omit to enter every account in its regular order. To have to search up and down for any item irregularly posted throws a doubt on the correctness of such book-keeping.

Journal

			May 2 1898			
1215	75	1	Cash Dr			
			To Stock	1	1215	75
			2			
1200		2	Bank Dr			
			To Cash	1	1200	
			2			
319	15	5	Merchandise Dr			
			To Brown & Co	1	319	15
			2			
319	15	1	Brown & Co Dr			
			To Bank	2	319	15
			2			
272	20	5	Merchandise Dr			
			To Jones & Smith	1	272	20
			2			
7	45	2	J Williams Dr			
			To Mershandise	5	7	45
			3			
42	50	3	Trade Expenses Dr			
			To Bank (rent of store)	2	15	
			" do Carpenters a/c		27	50
			3			
15	80	3	R. Lewis Dr			
			To Mdse	5	15	80
			4			
187	50	5	Merchandise Dr			
			To P. Robinson	1	187	50

Journal

			May 4 1898			
187	50	1	P. Robinson Dr.			
			To Bank	2	187	50
18	25	1	Cash Dr.			
			To Merchandise	5	18	25
4	25	3	Trade Expenses Dr.			
			To Cash (Coal)	1	4	25
			5			
10	10	2	J Williams Dr.			
10	30	3	R Lewis "			
24	70	4	Cash "			
			To Merchandise	5	45	10
8		3	Trade Expenses Dr.			
			To Cash printing	1	3	
			Stationery	1	5	
			6			
7	10	3	R Lewis Dr.			
			To Mdse	5	7	10
	50	3	Trade Expenses Dr.			
			To Cash (Stamps)	1		50
			7			
18	15	2	J Williams Dr.			
27	20	1	Cash "			
			To Mdse	5	45	35
35	70	1	Cash Dr.			
			To J Williams	2	35	70
42		2	Bank Dr.			
	75	3	Trade Expenses "			
			To Cash deposit	1	42	
			Twine	1		75
			9			
17	85	2	Alfred Harris Dr.			
32	10	1	Cash			
			To Mdse	5	49	95

DOUBLE ENTRY.

Journal

			May 10 1898				
2	20	2	Alfred Harris	Dr			
30	75	1	Cash	"			
			To Mdse		5	32	95
63		2	Bank	Dr.			
			To Cash		1	63	
			11				
14	10	3	R. Lewis	Dr			
			To Mdse		5	14	10
47	30	1	Cash	Dr			
			To R. Lewis		3	47	30
			12				
3	90	3	R. Lewis	Dr			
52	20	1	Cash	"			
			To Mdse			56	10
90		2	Bank	Dr			
22		3	Trade Expenses	Dr			
			To Cash Deposit		1	90	
			do. Wages		1	22	
			13				

Ledger.

The Double Entry Ledger is the same as the Single Entry, except that there are more accounts in it. There are the business accounts, sometimes called the impersonal accounts. These impersonal accounts may be few or many, according to the wish of the merchant. For instance, in the Ledger we present to the reader of this work we have opened an account "Merchandise," which includes all goods in the trading. We could open an account for Tea, another for Coffee, another for Wheat, etc., almost without end. This will have to be left to the discretion of the chief book-keeper. My duty now is to point out the *principles* of book-keeping, to explain the art sufficiently to be expansive enough to cover all requirements and meet all necessities, and not merely to show how it is done by one individual firm. The principles of book-keeping, like those of arithmetic, are applicable to every possible transaction of commerce.

It will be the duty of the student to seek out in the Ledger the various accounts to which the items are carried from the Journal. He had better write out copies of all the books in both Single and Double Entry. That will give him a clear insight into book-keeping, and he will see why each entry has been made in the place in which he finds it.

Stock

						1898					
						May	2	By Cash	1	1215	75
						"	31	" Profit & loss	4	76	45
										1292	20

Brown & Co

1898						1898					
May	2	To Bank	1	319	15	May	2	By Mdse	1	319	15

Jones & Smith

						1898					
						May	2	By Mdse	1	272	20

P. Robinson

1898						1898					
May	4	To Bank	2	187	50	May	3	By Mdse		187	50

Bank

1898						1898					
May	2	To Cash	1	1200		May	2	By Brown & Co	1	319	15
"	7	do	2	42		"	3	Trade Expenses	1	42	50
"	10	do	3	63		"	4	P. Robinson	2	187	50
"	12	do	3	90		"	31	Balance		845	85
				1395						1395	00
1895											
May	31	To Balance		845	85						

J. Williams

1898						1895					
May	2	To Mdse	1	7	45	May	7	By Cash	2	35	70
"	5	do	2	10	10						
"	7	do	2	18	15						
				35	70					35	70

Alfred Harris

1898						1898					
May	9	To Mdse	2	17	85	May	31	By Balance		20	05
"	10	do	3	2	20						
				20	05					20	05
1898											
May	31	To Balance		20	05						

Trade Expenses

1898 May	3	To Sundries	1	42	50	1898 May	31	By Profit & loss	4	78	
"	4	" Coal	2	4	25						
"	5	Cash	2	3							
"	"	do	2	5							
"	6	do	2		50						
"	7	do	2		75						
"	12	do	3	22							
				78						78	

R. Lewis

1898 May	3	To Mdse	1	15	80	1898 May	11	By Cash	3	47	30
"	5	do	2	10	30	"	31	Balance		3	90
"	6	do	2	7	10						
"	11	do	3	14	10						
"	12	do	3	3	90						
				51	20					51	20
1898											
May	31	To Balance		3	90						

DOUBLE ENTRY LEDGER.

Merchandise

189						189					
May	2	To Brown & Co	1	319	15	May	2	By J. Williams	1	7	45
"	"	Jones & Smith	1	272	20	"	3	R. Lewis	1	15	80
"	3	P. Robinson	1	187	50	"	4	Cash	2	18	25
"	31	Profit & Loss	4	154	45	"	5	Sundries	2	45	35
						"	6	R. Lewis	2	7	10
						"	7	Sundries	2	45	35
						"	9	do	2	49	95
						"	10	do	3	32	95
						"	11	R. Lewis	3	14	10
						"	12	do	3	3	90
						"	"	Cash	3	52	20
						"	31	Inventory		641	15
				933	30					933	30
1898											
May	31	To Goods as per Invent		641	15						

Profit & Loss

1898						1898					
May	31	To Trade Expenses	3	78		May	31	By Mdse %/c	5	154	45
"	"	Balance to Stock	1	76	45						
				154	45					154	45

Balance

1898						1898					
May	31	To Stock	1	12[illegible]	[illegible]	May	31	By Cash in hand		53	45
"	"	Jones & Smith	1	272	20	"	"	Bank		845	85
						"	"	R. Lewis		3	90
						"	"	A. Harris		20	05
						"	"	Goods as per Inven.		641	15
				1564	40					1564	40

The Bank Account.

Double Entry, being an exact record of every transaction of the business, requires that an account should be kept with the Bank of moneys deposited and of moneys paid away for us by the Bank. Therefore we enter every deposit and every withdrawal in the Cash Book, and open an account in the Ledger under the heading of the name of the bank with which we do business and debit (charge) the Bank with each amount deposited and credit it with the payments made on our checks. This account ought to be carefully compared with the Bank Pass Book at least once a month, so that, in case any error may have crept in, it may be detected and rectified.

Profit and Loss

(OFTEN CALLED LOSS AND GAIN).

This is the account to which the balances of impersonal or trade accounts for merchandise or goods, under whatever headings, and the expense accounts, whether posted under one or various headings (such as rent, wages, freight, stable, horse, etc.) are brought. In our Ledger we find Profit

and Loss account, credited with $154.45, that being the balance of "Merchandise," and showing the gross profit on the sales for the month. Then on the debit side of Profit and Loss we have a debit entry of $78.00, that being the cost of working the business during the period of trading and which we had to write off as a balance in Trade Expenses. This leaves a net balance of $76.45, and we carry it from Profit and Loss to the credit of "Stock," which, as we before explained, is the proprietor. Of course in a properly managed business there should always be a profit. This depends on successful determination to *keep your expenses within your income.*

The Balance

Is made in order to prove from the book of greatest authority, the Ledger, that the firm positively holds value for the amount standing to the credit of "Stock" at the time of making the Balance. For this purpose you can open an account in the Ledger, headed "Balance," as we have done in our trading, or a separate account book may be kept, called The Balance Book. Then, having balanced and carried down the debits and credits of every account in the Ledger, you copy the credit balances to the debit of "Balance." In our case we have only two credit balances in our Ledger—Stock, $1292.20, and Jones & Smith, $272.20. Now we have to show that the business has this amount and of what it consists. Therefore we copy the debit balances from the Cash Book and Ledger to the credit of "Balance," and also the amount of the value of goods on hand as we find it in the inventory, and which we have placed to the debit of Merchandise in order to show the amount of goods with which we begin another period of trading. The footings or additions of both sides of the Balance should be alike and

equal to each other, and then we may assume that the book-keeping is correct.

I have not balanced the account "Stock," as it is so evidently a credit balance as it stands. I hope the student will carefully notice how the balances of the different accounts are brought together under the heading "Balance" in the facsimile Ledger in this work. He will see how the items are posted, and the operation is the same, no matter how extensive the transactions may be.

Interest and Discount.

The custom of many firms is to charge interest on accounts overdue—that is, accounts not paid within the time agreed. This differs according to the usages of the various trades. The time or credit given is generally a month, and if the account is not paid within that time interest is added, often calculated at the rate of 1 per cent per month. There are several ways to enter this addition to the amount originally charged to the buyer. It can be entered in the Day Book thus:

William Jones pays being his account and $5.00 interest.	505	00

And in the Cash Book, of course on the debit (Dr.) side—that is the receiving, the left-hand side:

		Wm. Jones		500	00		
		do. Int.		5	00		

And in the Journal:

500	00			Cash Dr.			
				To Wm. Jones.		500	00
5	00			Cash Dr.			
				To Trade Expenses.		5	00

Or it may be entered in the Cash Book in one item—amount of account and interest that has accrued:

		Wm. Jones.		505	00		

And in the Journal:

505	00			Cash Dr.			
				To Wm. Jones.		505	00
5	00			William Jones Dr.			
				To Trade Expenses 1 mo. Int.		5	00

Thus settling his account for merchandise that has been owing two months, and the liability of interest which has just been incurred and for which a Journal entry has been made.

On the other hand, if the account is paid before it is due a discount is allowed from the gross amount. This can be dealt with in the same manner in the Day Book; as:

Wm. Jones pays for goods bought yesterday	500.00		
less discount	5.00		
		495	00

In the Cash Book it may be entered as received from Wm. Jones $495.00 on the debit (Dr.) left-hand side of the Cash Book, and a Journal entry made of the amount of cash actually received and another of the amount of discount allowed, and then the account ($500.00) would be balanced.

EXAMPLE.

495	00	Cash Dr.		
		To Wm. Jones	495	00
5	00	Trade Expenses Dr.		
		To Wm. Jones	5	00

Or the Cash Book may be debited in the full amount, $500.00, and credited on the right hand side (Cr.) with the item Trade Expenses, Dis. Wm. Jones $5.00, and so journalized.

EXAMPLE.

500		Cash Dr.		
		To Wm. Jones	500	
5	00	Trade Expenses Dr.		
		To Cash.	5	00

An account may be opened in the Ledger for Interest and Discount, or for each, at the discretion of the book-keeper.

It would then read in the Journal, for interest received:

5	00	Wm. Jones Dr.		
		To Interest and Discount.	5	00
5	00	Cash Dr.		
		To. Wm. Jones	5	00

In the case of a discount allowed, it would read:

5	00	Interest and Discount Dr.		
		To Wm. Jones	5	00

Or an account may be kept for Interest and another for Discount, as I have already stated. There is practically no limit to the number of accounts that may be opened in a Double Entry Ledger. The duty of the teacher is to point out the way; to get to the desired goal is the aim of the student, and the method and manner is a matter for his discretion.

Sundry Accounts.

Where there are many accounts that are seldom dealt with, some book-keepers enter them on a page of the Ledger headed "Sundry Accounts." In posting these, the debits and credits are entered on the same line as the respective items to which they correspond. This account, if burdened with too many names, often causes more trouble than it saves. If an account is active (frequently used) it is much better to use a separate heading.

In entering in the Journal when several accounts are Dr. to or Cr. by another account some write the words Sundries Dr. or Sundries Cr., as the case may be.

EXAMPLE.

	Sundries Dr.	
495	Cash	
5	Discount	
	To Wm. Jones	500

Or:

505	Cash Dr.	
	To Sundries	500
	Wm. Jones	5
	Interest	

I think it is an unnecessary word and do not care to use it. Other book-keepers may think otherwise and have a perfect right to their opinion. We may say we live by a difference of opinion.

Bill Book.

Before closing I will call the attention of the student to the Bill Book. Although no part of book-keeping, it generally comes within the duties of the book-keeper to keep a record of Bills Receivable and Bills Payable. This is in many concerns a very important book indeed. I would advise the giving and taking of as few bills or promissory notes as possible, as they are apt to lead to extravagant and careless trading and result in disaster. However, we are often compelled to conform to the usages of trade and give and accept notes, and should therefore have a system of keeping a record of when they become due to be paid or to be received. This is done by what is called the Bill Book. Generally there is a column for the name of the drawer,

another for that of the acceptor, one for when drawn, another for the time it shall run (number of days or months), and again one for the date when due.

Three days' grace is allowed in many States of the Union for the payment of a note after the date on which it is nominally due.

I have not given forms of promissory notes, drafts or checks. It would only add to the bulk of this volume and they are to be found in every elementary school book. If the young merchant is in doubt as to the proper form of drawing up a draft or promissory note, his banker will do it for him.

Bills Receivable.

Drawer.	Acceptor.	Amount.		Time.	Where and When Due.		

Bills Payable.

Drawer.	Acceptor.	Amount.		Time.	Where and When Due.			
Jones & Smith	Self.	272	20	30 days	New York.	June.	5	1898

Of course this ruling can be varied to suit the convenience of any business. Books already ruled may be bought of any stationer.

Conclusion.

I hope the reader, be he student, clerk, tradesman or merchant, who has received an average education, will glean from my book information sufficient to enable him to understand the keeping of accounts intelligently and correctly, by whichever system he may select as the most suitable to his particular business, and to keep any additional or auxiliary books which the nature of his transactions may demand. To this end I have endeavored, in language shorn of the technicalities with which most of the books published on the art of book-keeping abound, to present an account, with specimens of the books, of the actual proceedings of an ordinary business.

Book-keeping is beautiful in the simplicity of its unalterable principle:

Credit what you pay away with what you receive, or, to put it in another form: *Debit (charge) what you receive with what you pay away.* For instance:

I purchase a parcel of merchandise, say wheat, and pay cash for it. I debit

Wheat To Cash

or credit

Cash By Wheat.

I buy another parcel on credit from John Jones. I debit

Wheat To John Jones

or credit

John Jones By Wheat.

I sell a parcel of merchandise on credit to William Smith. I debit

William Smith To Merchandise

or credit

Merchandise By William Smith,

having his implied or special promise to pay for the merchandise.

I sell another parcel for cash. I debit

Cash To Merchandise

or credit

Merchandise By Cash.

Glossary of Commercial Terms.

Acceptance.—This word is often used as equivalent to Bill, or Bill of Exchange. We thus speak of Messrs. Smith & Co.'s acceptance. Strictly it refers to the act whereby the person on whom a Bill is drawn *accepts* the obligation proposed to him, viz., to pay the amount stated upon it at the time, which is also indicated upon it. This is done by writing his name across its face, with or without the word "accepted." If intended to be paid at a bank or elsewhere than the usual business address of the acceptor, the necessary particulars must be added.

Accommodation Bill.—This is a term employed to denote Bills of Exchange which do not represent actual transactions or obligations, but which are employed for the purpose of raising money by getting them discounted. They are similar in form to other bills, and are subject to the same rules, except as between those who are parties to the transaction. Whilst there are circumstances which may justify their occasional use, their regular or frequent employment is strongly to be deprecated.

Ad Valorem.—In proportion to the value.

Advance.—Money paid by the purchaser for goods before their delivery, or by the consignee before their sale.

Advice.—Information sent by letter on any matter of mercantile interest. The letters of a merchant to his agent, of a banker to his provincial or foreign correspondent, are called advices.

Affidavit.—A written statement made on oath.

Agent.—A person employed to transact business for another who is called the *principal*.

Annuity.—A sum of money payable annually, either (1) for a definite number of years, or (2) during the life or lives of certain persons.

Appraisement.—The estimate by a sworn valuer or appraiser of the value of goods.

Arbitration.—The adjustment of a dispute by reference to a disinterested party. Any number of persons may be named as arbitrators; if two are appointed, it is usually provided that a third person shall decide the matter in the event of the two not coming to an agreement. The decision of this third person or arbitrator is called an *award*.

Arbitration of Exchange.—A comparison of the rates of exchange at different (foreign) places, with a view to ascertain the most advantageous channel through which to buy or sell bills. Arbitrations of coin and of bullion are also conducted.

Assets.—The cash, bills, stock in trade, and any other property belonging to a tradesman, merchant, or company, available for the payment of his debts and liabilities.

Assignment.—A deed or instrument by which property is transferred from one person to another.

Assignee.—The person to whom is intrusted the possession and distribution of the estate of a bankrupt or insolvent.

Average.—A term applied in Marine Insurance to losses which are not total. Averages are *general* and *particular*. *General average* refers to losses occasioned by the sacrifice of a part of the cargo, or of the masts, sails, etc., of the ship in order to save the rest. Such loss is distributed among the various owners of the ship and cargo in proportion to their respective interests. *Particular Average* refers to partial damage to the ship or cargo, and not involving the general safety.

Audit.—The examination of accounts by an authorized person, called an *auditor*, with a view to ascertain that they are properly stated and vouched.

Balance.—See page 54.

Bank.—An establishment serving for the safe custody of money, and for facilitating payments from one place to another and from one person to another. Banks are conducted by private individuals and by joint stock companies.

Bankrupt.—A person who is unable to pay his debts.

Barter.—The exchange of one commodity for another without the use of money.

Bill of Exchange.—This document may be briefly described as a request by one person to another, to pay a certain sum on account of the writer to a person named, or his order, or to bearer, at a time therein specified. The person making the request is called the *drawer*, he to whom it is addressed the *drawee*, or after he has accepted it the *acceptor*. The person in whose favor it is drawn and accepted is called the *payee*, and he who has possession of it the *holder*. Bills are transferable from one person to another by simple delivery or by indorsement, that is to say, by the holder writing his name on the back, which act assigns to another party all the rights possessed by the *indorser*. The person to whom an assignment is thus made is called the *indorsee*. If drawn abroad, or payable abroad, they are termed Foreign Bills. The latter are generally drawn in sets of two or three, to obviate the inconvenience of a loss of a single one. The first that comes to hand being honored, the others become void. It is essential to the validity of the bill that it bear a government stamp.

Bill of Lading.—The document given by the master of a ship or the agent of a railroad company acknowledging that the goods specified therein have been received by him. Necessarily in most instances it is only cases or bales with certain marks which he can certify to, the contents not being visible to him. Bills of Lading are drawn in sets of three; one bill is usually sent by the ship and a second through the post-office, to the person to whom the goods are consigned, the third remaining in the hands of the consignor or shipper. On arriving at their destination, possession of the Bill of Lading is evidence of right to the goods, and goods cannot safely be delivered without their production. Bills of Lading are transferable by indorsement, and *advances* are often made upon them.

Bill of Sale.—A deed or bond evidencing the sale of personal property.

Bond.—A deed guaranteeing the payment of a sum of money under certain conditions, or at a specified time.

Bond, Goods in.—Imported goods and also home manufactured liquors upon which there is a government tax are allowed to be stored away in authorized or "bonded" warehouses, the duties not being required to be paid until removal. If not cleared, exported, or re-warehoused within a certain time the goods will be sold by the customs' authority.

Bonus.—(1) A payment to the shareholders of a joint stock company beyond the dividend. (2) A premium given for a loan, or for a charter or other privilege granted to a company.

Book-Debt.—The amount standing in a trader's books against a debtor for goods sold to him, and unsecured by a bill or other document.

Broker.—A person acting as an agent or middleman between buyers and sellers, or for the transaction of other business. Thus there are Bill Brokers, Stock Brokers, Ship and Insurance Brokers, Produce Brokers, and others. A broker sells by sample, not having possession of the goods, and is paid by a percentage or commission called *brokerage*.

Bullion.—Gold and silver uncoined.

Call.—A requirement to pay a portion of the sum subscribed for in any joint stock undertaking. A term employed to indicate a certain character of transaction in stock and grain speculation—the converse of "Put."

Capital.—In trading concerns the original sum introduced for the purpose of working the business, together with an addition subsequently made. In a joint stock company the original sum raised or to be raised by shares.

Cash-Book.—(See pages 28, 29, 30 and 31.)

Certificate in Bankruptcy.—The document which declares that a bankrupt has complied with the requirements of the law, and is freed from obligations incurred up to the date of his bankruptcy. Under the Bankruptcy Act it is called an "Order of Discharge."

Charter.—Letters patent from the state conferring certain privileges on companies and corporations.

Chattel Mortgage.—An instrument in writing sometimes given as security for a temporary loan. This is an undesirable means for raising funds, as the document must be recorded in order to render it effectual, thus disclosing facts detrimental to the borrower's credit.

Check.—A written order to a bank to pay a specified sum to the bearer, or to some person who is indicated. In the latter case the check must be indorsed by the person so named.

Clearing.—An expedient amongst banks for the daily exchange of the checks and bills of each house against all the others, the balance alone being paid in money.

Collateral Security.—Security given for a loan or advance in addition to the chief security, and not available to the lender unless and until the primary security fails or proves insufficient.

Commission.—The charge of so much per cent made by a broker or agent for his services.

Compromise.—An agreement between a debtor and his creditors whereby the latter accept a proportion in lieu of their full claims.

Consignment.—Goods sent by a trader to an agent in another place for sale on account of the sender, called the *consignor*. The person to whom the goods are consigned is called the *consignee*. It is his duty to follow the instructions of the consignor, and to remit to him the proceeds of sale, or otherwise, as he may be directed.

Contingent Liability.—When the word liability is understood in its strict meaning the word contingent before it is superfluous, a liability being a contingency. When, however, the word liability is used to cover all the debts and obligations of a trader or company, a contingent liability means such obligations as are dependent upon the happening or otherwise of certain events. Thus, one who has become security for the repayment of a loan has a liability to pay it contingent upon the borrower failing to do so. Upon its due repayment the liability of the surety ceases.

Contract.—A trade contract is an undertaking to supply a certain quantity of goods at a certain price at or within a given time and at a stated place. To make a contract binding an instrument in writing should be signed by the buyer or his agent, or he should actually receive and accept part of the goods sold, or he should give something by way of *earnest* money (even a cent would be sufficient) to bind the bargain.

Credit.—To sell on credit is to sell without requiring immediate payment. The word also expresses the confidence which is felt in the solvency and resources of a trader, firm, or company. Such parties are said to have good credit.

Creditor.—A person to whom money is owing.

Coupons.—Orders for the payment of interest, appended to bonds, and which may be severally cut off for presentation as they fall due.

Customs.—Duties on commodities imported.

Days of Grace.—The period allowed for the payment of a note of hand, or to the acceptor of a bill after the time stated on the note or bill, before payment can be claimed. The period varies in different countries. In the United States three days are allowed. The custom does not apply to bills payable "on demand."

Debtor.—A person who owes money to another or others.

Demurrage.—The compensation payable by the freighter of a ship for detaining her in loading or unloading beyond the time stipulated in the charter-party.

Deposit.—(1) Money placed with a bank and subject to withdrawal either with or without notice. (2) A sum of money paid in order to bind a bargain—part of the purchase money.

Discount.—(1) An allowance made for the payment of money before it is due. Thus A having bought goods of B on three months' credit, offers at the end of one month to pay his debt to B on being allowed two months' discount at an agreed rate, say 5% per annum. B accepts the offer and receives the amount originally due, less the amount of the discount in full discharge of his claim on A. A large business is done by bankers and others in the discounting of Bills of Exchange, Commercial Paper, etc. (See Interest.) (2) The word "discount" is also used with reference to the allowance often made by wholesale houses to "the trade," that is to say, to the retail dealers, but not to the public, on the gross amount of their purchases.

Dividend.—The profits of Joint Stock Companies divided amongst the shareholders.

Dock Warrant.—A document given by the proprietor of a wharf or dock certifying that certain goods named therein are lodged with him. The right to these goods may be transferred from one person to another by indorsement of the warrants.

Embargo.—An order by the government of a country prohibiting the sailing of shipping from its ports, pending the settlement of some disputed question.

Errors Excepted.—A proviso placed at the foot of an account to indicate that if any errors are detected they are subject to correction. Generally abbreviated thus,—E. E.

Factor.—A mercantile agent having possession of the goods intrusted to him for sale, and selling in his own name, not in that of his principal.

Firm.—The title of any business concern where partnership exists. It does not necessarily correspond with the name of any of the partners.

Freight.—(1) The amount charged for the carriage of goods by water or rail, or for the hire of a ship or part of a ship from one port to another, or for a definite time. (2) The cargo of a vessel or goods transported by rail.

Goodwill.—A term used to express the advantage attaching to any business arising from its age, reputation, situation, etc. The average annual profits generally form a basis for calculating the value of a goodwill.

Guarantee.—An undertaking to discharge a debt or pay a certain sum in case of the failure of some other party to do so.

Indenture.—A legal document containing an agreement, contract, or other writing, so called from the circumstance that such papers were formerly indented or cut corresponding to another part with the same contents.

Indorsement.—The act of assigning to another any negotiable instrument, such as a Check, Bill of Exchange or Bill of Lading, etc. This is done by writing the indorser's name on the document. Every indorser is liable to a subsequent holder for any failure in connection with the document.

Insolvency.—An inability to pay debts, whether by a trader or a non-trader.

Installment.—The payment of a debt by payments in part, spread over a lengthened period.

Interest.—The sum charged for the loan of money usually at a certain rate per cent per annum, and thus far not differing from *discount*. They differ, however, in the circumstance that interest is made payable on the return, or at stated periods during the use of money, whilst discount is deducted when the money is lent and before its use by the borrower. Money lent at the same nominal rate at interest or at discount is consequently made more productive to the lender by the latter mode. *Compound interest* is that reckoned not only on the sum lent, but also on the interest as it falls due, if it is not duly paid.

Invoice.—A statement of the quantities, kinds and prices of goods bought and usually sent to the purchaser with the goods.

Journal.—(See pages 32, 33 and 34.)

Ledger.—(See pages 41, 42, 43, 44 and 45.)

Letter of Credit.—A letter authorizing the person addressed to pay the bearer of the letter a specified sum on the credit of the writer. Usually issued by banks.

Liabilities.—Strictly a contingent debt, but often used to denote all the financial obligations, both actual and contingent, of an individual firm or company.

Lien.—The right which one person has to detain the property which he has in his possession belonging to another, on account of labor expended on it, or on account of a general balance due by the owner. Thus brokers and agents have a lien on the property of their principals, and railway carriers, dyers, printers, book-binders, millers, etc., have a lien on the property confided to them in their respective businesses.

Limitation, Statute of.—Actions at law must be commenced within a definite period of time of the commencement of the cause of action, or they cannot be proceeded with.

Liquidation.—The administration of an estate, whether that of a deceased, or living, or insolvent person, with a view to bring the transactions to a close, and to divide the assets amongst those entitled to them. *Winding-up* is an equivalent term. The person conducting the liquidation is called a Liquidator.

Maturity.—The time at which a bill or promissory note falls due, including the days of grace.

Mortgage.—A pledge of land or houses for money borrowed to be returned when the money is repaid. The borrower is called the *mortgagor*, the lender the *mortgagee*. The latter has usually the right to sell the property if repayment of the money is not made at the time stipulated.

Negotiable Instrument.—A document which is transferable by indorsement or delivery.

Notary Public.—A person who attests deeds or writings to make them authentic, but whose chief business is in noting and protesting dishonored bills of exchange, drafts, etc.

Noting.—A formal act by a notary to the effect that a bill or note has been dishonored on presentation.

Order of Discharge.—A document issued by the court which sets the bankrupt free from all obligations incurred by him up to the date of his bankruptcy.

Par.—Of equal value. When shares in a joint stock company can be bought or sold at the price at which they were originally issued, they are said to be "at par."

Partnership.—The association of two or more persons in order to carry on a business. As between themselves, the partners share the profits or losses in certain agreed proportions.

Per Annum.—By the year.

Per Cent.—By the hundred. Abbreviated thus, %.

Permit.—A document allowing the removal of certain goods on which the excise duty has been paid.

Plant.—A term applied to the machines, tools and engines of a manufacturing concern.

Policy.—The document issued by insurance companies containing the particulars of the contract of insurance.

Presentment.—The act of demanding acceptance or payment of a bill of exchange or promissory note.

Price Current.—A list of articles with their market price at the date of issue.

Principal.—(1) The person employing an agent or broker is called the principal. (2) The sum of money lent out at interest.

Procuration.—Special powers granted to an authorized agent. Bills are often accepted or indorsed by procuration.

Prompt.—A short fixed period of credit on the sale of goods.

Pro Rata.—A term intended to express that receipts or payments shall be in proportion to the respective interests of the persons concerned.

Protest.—A declaration by a notary that a bill or note has been dishonored, and that payment thereof will be enforced.

Quotations.—Prices of goods, bonds, shares, etc., *quoted* from prices current, brokers' and merchants' circulars, etc.

Receiver.—A person appointed by the court to take possession of the property of an insolvent person, firm or company.

Reserve.—That portion of the ascertained profit of a trading or banking company set apart to meet future contingencies instead of being divided amongst the shareholders.

Returns.—(1) The aggregate amount of a trader's sales in any given period. (2) The net proceeds from any consignment or adventure.

Reversion.—A legacy or annuity which is not payable until some circumstances happen or fail to happen is called a reversion.

Salvage. An allowance claimable by law by any person who has been instrumental in saving a ship or cargo from the dangers of the sea.

Sight.—The date at which a draft or bill of exchange is first seen on its presentation for acceptance.

Stamps.—Part of the revenue of the United States is raised by requiring certain documents and articles of commerce to bear a government stamp.

Stoppage in Transit.—The right to resume possession of goods sold on credit to a person becoming insolvent before the delivery of the goods.

Tariff.—A table specifying the duties charged on imports.

Tender.—An offer to supply certain goods on specified terms and conditions.

Underwriter.—Insurers of marine and fire risks are called underwriters from the circumstance that they write their names under the policy.

Usance.—An established custom at any particular place as to the period for which bills of exchange are there drawn. It varies very greatly in different places.

Voucher.—A receipt or other document in evidence of the payment of money.

Warehousing.—A system of depositing goods liable to duty or government revenue tax in warehouses licensed for the purpose. The goods so situated are said to be *in bond.*

Warranty.—An undertaking that certain stipulations shall be fulfilled. Warranties may be verbal or written, and be express or general. The sale of goods by a sample is such a warranty that if the bulk be inferior to the sample the purchaser is not bound to accept or pay for the goods.